UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

ANTHONY L. GINGELLO, Individually and On Behalf of All Others Similarly Situated, Plaintiff, v. PATRIOT NATIONAL, INC., STEVEN M. MARIANO, and THOMAS C. SHIELDS, Defendants.	Case No.: **CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS** **JURY TRIAL DEMANDED**

Plaintiff Anthony L. Gingello ("Plaintiff"), by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff's information and belief is based upon, among other things, his counsel's investigation, which includes without limitation: (a) review and analysis of regulatory filings made by Patriot National, Inc., ("Patriot National" or the "Company"), with the United States ("U.S.") Securities and Exchange Commission ("SEC"); (b) review and analysis of press releases and media reports issued by and disseminated by Patriot National; and (c) review of other publicly available information concerning Patriot National.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of persons and entities that acquired Patriot National's securities between August 15, 2016, and March 3, 2017, inclusive (the "Class Period"), against the Defendants,[1] seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

2. Patriot National purportedly provides technology-enabled insurance and employer solutions. According to the Company, it principally offer two types of services: front-end services, such as brokerage, underwriting and policyholder services, and back-end services, such as claims adjudication and administration. The Company claims that its products and services help insurance carriers, employers and other clients mitigate risk, comply with complex regulations, and save time and money.

3. On August 1, 2016, the Company issued a press release announcing that a Special Committee of its Board of Directors had agreed to consider an enhanced offer for a potential acquisition by Ebix, Inc., a supplier of On-Demand software and E-commerce services to the insurance, financial, e-governance and healthcare industries.

4. On August 15, 2016, with respect to the Ebix, Inc. offer, the Company stated that "a special committee of independent directors" was "continuing to explore other strategic alternatives" for the Company to maximize value for shareholders, including a possible sale of

[1] "Defendants" refers to Patriot National, Inc., Steven M. Mariano, and Thomas C. Shields, collectively.

the Company.

5. On October 21, 2016, the Company disclosed that on October 17, 2016, Austin J. Shanfelter, a Patriot National director, notified the Company that he was resigning from the Company's Board of Directors, effective immediately. The Company claimed that Shanfelter's resignation was "solely for personal reasons" and "did not involve any disagreement with the Company, the Company's management or the Board of Directors."

6. On this news, the Company's stock price fell $1.18 per share, or 14.8%, to close at $6.78 per share on October 24, 2016, on unusually heavy trading volume.

7. On November 8, 2016, the Company announced that it had rejected the $475 million offer from Ebix, Inc. because the Company claimed it was "not the best alternative to maximize value for Patriot National's shareholders."

8. On November 14, 2016, the Company announced that it had closed a new credit facility with Cerberus Business Finance, LLC "to recapitalize the Company." The credit facility consisted of a $250 million term loan and a $30 million revolving credit line. The Company also announced a $2.50 per share capital distribution to shareholders. On the same day, the Company held a conference call with analysts and investors to discuss the Company's third quarter 2016 results. On the Call, Defendant Mariano reiterated that "the Ebix transaction was rejected because it wasn't the best offer on the table."

9. On this news, the price of Patriot National common stock fell $0.68 per share, or 9.9%, to close at $6.16 per share on November 14, 2016, on unusually heavy trading volume.

10. On March 3, 2017, the Company disclosed that it entered into an agreement with Guarantee Insurance Group ("GIG") and Steve Mariano ("Mariano"), the Chairman, Chief Executive Officer ("CEO"), and majority owner of the Company and the majority owner of GIG, regarding the service agreements between the Company and GIG's wholly-owned subsidiary Guarantee Insurance Company ("GIC"). Under the agreement, the Company paid GIG $30 million. The Company further stated that GIC is the Company's principal customer, with contracts and relationships from GIC generating $107.8 million, or 59% of the Company's Total Fee Income and Fee Income from Related Party for the nine-months ended September 30, 2016

and $144.1 million, or 69%, for the year ended December 31, 2015. The Company further disclosed that "[a]s further material inducements for the Company's payment," GIG and Mariano agreed to a series of corporate governance and financial covenants, including that the Company would not enter into any transaction with an affiliate of Mariano without the prior approval of a majority of independent directors. In addition, GIG agreed to cause GIC to not issue any dividends or distributions to, or make any further advances to, any of its or GIG's shareholders.

11. On this news, the price of Patriot National common stock fell $0.72 per share, or 16.4%, to close at $3.67 per share on March 6, 2017, on unusually heavy trading volume. The stock price continued to decline in the following days, falling $0.28 per share (7.6%) on March 7, 2017, and $0.38 per share (11.2%) on March 8, 2017, to close at $3.01 per share on March 8, 2017.

12. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose: (1) that the special committee was beholden to Mariano; (2) that, as such, the special committee was operating for the benefit of Mariano, and not the Company or its shareholders; (3) that the special committee did not independently asses the merits of the Ebix transaction; (4) that the special committee was not exploring strategic alternatives in order to maximize shareholder value; and (5) that, as a result of the foregoing, Defendants' statements about Patriot National's business, operations, and prospects, were false and misleading and/or lacked a reasonable basis.

13. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

14. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

15. This Court has jurisdiction over the subject matter of this action pursuant to 28

U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

16. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District. In addition, the Company's shares are actively traded in this Judicial District.

17. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

18. Plaintiff Anthony L. Gingello, as set forth in the accompanying certification, incorporated by reference herein, purchased Patriot National common stock during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

19. Defendant Patriot National, Inc. is incorporated in Deleware and its headquarters are in Fort Lauderdale, Florida. Patriot National's common stock trades on the New York Stock Exchange ("NYSE") under the symbol "PN."

20. Defendant Steven M. Mariano was the Chairman, President, and CEO of Patriot National at all relevant times.

21. Defendant Thomas C. Shields ("Shields") was the Executive Vice President and Chief Financial Officer ("CFO") of Patriot National at all relevant times.

22. Defendants Mariano and Shields (collectively the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of Patriot National's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market. The Individual Defendants were provided with copies of the Company's reports and press releases

alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

SUBSTANTIVE ALLEGATIONS

Background

23. Patriot National purportedly provides technology-enabled insurance and employer solutions. According to the Company, it principally offer two types of services: front-end services, such as brokerage, underwriting and policyholder services, and back-end services, such as claims adjudication and administration. The Company claims that its products and services help insurance carriers, employers and other clients mitigate risk, comply with complex regulations, and save time and money.

24. On August 1, 2016, the Company issued a press release announcing that a Special Committee of its Board of Directors had agreed to consider an enhanced offer for a potential acquisition by Ebix, Inc.

Materially False and Misleading Statements Issued During the Class Period

25. The Class Period begins on August 15, 2016. On that day, the Company issued a press release entitled "Patriot National's Special Committee of the Board Closes in on Strategic Opportunity Decision; Company Reports Second Quarter 2016 Results." Therein, the Company, in relevant part, stated:

> Patriot National, Inc. (NYSE: PN), ("Patriot National or "the Company") a leading provider of technology and outsourcing solutions, today announced its financial results for the quarter ended June 30, 2016, and confirmed that the special committee of its Board of Directors (the "Special Committee") is in the final stages of its consideration of possible strategic opportunities.

Strategic Opportunities Consideration

The Special Committee, which is comprised of independent directors, is working collaboratively with Ebix, Inc. to explore the possible combination of the two businesses, while continuing to explore other available strategic opportunities for Patriot National to maximize value for shareholders. Ebix is expected to complete its due diligence by August 31, 2016, as the Special Committee nears the conclusion of its evaluation of the prospects it has received and expects to make a recommendation to the Board of Directors soon on whether the Company should enter into any transaction or pursue another alternative. As announced August 1, 2016, Ebix made an improved offer to acquire 100% of the outstanding stock of the Company.

Financial Highlights:

For the quarter ended June 30, 2016:

(Comparisons to the corresponding prior-year period)

- Total Revenues increased 19% to $56.5 million
- Total Fee Income increased 19% to $56.5 million
- GAAP Net Income was $14.2 million, or $0.45 per diluted share
- Adjusted Earnings[1] of $2.8 million, or $0.11 per diluted share
- Adjusted EBITDA[1] of $10.7 million, down 6%
- Operating Cash Flow[1]of $8.5 million, down 7%
- Launched operating efficiency initiatives that will generate an additional $5.3 million annualized savings

[1]See Reconciliation of GAAP net income to Adjusted EBITDA, Adjusted Earnings and Operating Cash Flow in the accompanying financial tables.

Management Commentary

"During the second quarter, we continued to execute on our strategy of becoming the leading end-to-end technology-enabled services provider to the insurance industry. While the second quarter is always a seasonably low quarter for our company, we continue to be extremely optimistic about our ability to drive significant organic revenue and EBITDA growth through the second half of 2016, as well as full year 2017," said Steven M. Mariano, Chief Executive Officer of Patriot National. "Our sales pipeline remains strong and we are focused on driving top-line growth and profitability by expediting new carrier agreements and technology wins as well as significantly reducing our cost structure."

> "We have built a powerful operating platform to support our long-term growth, with comprehensive technology and outsourcing solutions that are highly valued by our customers. Our roadmap for the future focuses on leveraging our deep customer relationships and broad product portfolio to serve a greater share of our customers' needs. We are also focused on continuing to deliver innovative technology solutions such as our InsurePay automated payroll solution and our Insurance Expert software platform."

26. On the same day, August 15, 2016, the Company filed its quarterly report on Form 10-Q for the fiscal second quarter. The Form 10-Q was signed by Defendant Shields, and reaffirmed the financial results announced in the press release issued the same day. In the Form 10-Q, the Company also stated:

> On August1, 2016, the Issuer stated that a special committee of independent directors (the "Special Committee") of the Board received and is considering an offer from Ebix, Inc. ("Ebix") to acquire 100% of the outstanding stock of the Issuer. The Special Committee is continuing to explore other strategic alternatives for the Issuer to maximize value for shareholders, including a possible sale of the Issuer. Neither the Board nor the Special Committee has made a decision to enter into any transaction or other alternative.

27. The above statements identified in ¶¶25-26 were materially false and/or misleading, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose: (1) that the special committee was beholden to Mariano; (2) that, as such, the special committee was operating for the benefit of Mariano, and not the Company or its shareholders; (3) that the special committee did not independently asses the merits of the Ebix transaction; (4) that the special committee was not exploring strategic alternatives in order to maximize shareholder value; and (5) that, as a result of the foregoing, Defendants' statements about Patriot National's business, operations, and prospects, were false and misleading and/or lacked a reasonable basis.

28. On October 21, 2016, the Company disclosed that on October 17, 2016, Austin J. Shanfelter, a Patriot National director, notified the Company that he was resigning from the Company's Board of Directors, effective immediately. The Company claimed that Shanfelter's resignation was "solely for personal reasons" and "did not involve any disagreement with the Company, the Company's management or the Board of Directors."

29. On this news, the Company's stock price fell $1.18 per share, or 14.8%, to close at $6.78 per share on October 24, 2016, on unusually heavy trading volume.

30. On November 8, 2016, the Company issued a press release entitled "Patriot National Rejects $475 Million Offer from Ebix, Inc." Therein, the Company, in relevant part, stated:

> Patriot National, Inc. (NYSE: PN), a leading provider of technology and outsourcing solutions, today announced that the Special Committee of its Board of Directors (the "Special Committee") has concluded that Ebix, Inc.'s most recent proposal of $475 million is not the best alternative to maximize value for Patriot National's shareholders and, at the recommendation of the Special Committee, the Board of Directors has rejected the proposal. The Special Committee continues to evaluate other more attractive offers and all opportunities for value creation.
>
> Neither the Special Committee nor the Board of Directors has made a decision to enter into any transaction or other opportunity at this time, and there are no assurances that the consideration of strategic opportunities will result in the Company entering into a transaction or other opportunity. The exploration of strategic opportunities may be terminated at any time and without notice.
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> Patriot National will provide a more complete update on its strategic value creation initiatives on the third quarter earnings conference call on Monday, November 14, 2016.

31. The above statements identified in ¶¶28, 30 were materially false and/or misleading, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose: (1) that the special committee was beholden to Mariano; (2) that, as such, the special committee was operating for the benefit of Mariano, and not the Company or its shareholders; (3) that the special committee did not independently asses the merits of the Ebix transaction; (4) that the special committee was not exploring strategic alternatives in order to maximize shareholder value; and (5) that, as a result of the foregoing, Defendants' statements about Patriot National's business, operations, and prospects, were false and misleading and/or lacked a reasonable basis.

32. On November 14, 2016, the Company issued a press release entitled "Patriot National Announces Third Quarter 2016 Financial Results." Therein, the Company, in relevant part, stated:

Patriot National, Inc. (NYSE: PN), ("Patriot National or "the Company") a leading provider of technology and outsourcing solutions, today announced its financial results for the quarter ended September 30, 2016.

Financial Highlights:
(For the quarter ended September 30, 2016, all comparisons correspond to the prior-year period)

- Total Revenues increased 2.9% to $60.2 million
- Total Fee Income increased 2.9% to $60.2 million
- GAAP Net Income of $1.9 million, or $0.06 per diluted share
- Adjusted Earnings[1] of $3.1 million, or $0.12 per diluted share
- Adjusted EBITDA[1] of $11.4 million, down 21.9%
- Operating Cash Flow[1] of $7.5 million, down 30.2%

[1]See Reconciliation of GAAP net income to Adjusted EBITDA, Adjusted Earnings and Operating Cash Flow in the accompanying financial tables.

Management Commentary:

"While our financial results for the third quarter were lower than expected, we are encouraged by the strength of our business development pipeline. We have been leveraging our deep customer relationships and broad product portfolio to serve a greater share of our customers' needs and are seeing solid evidence of success, including a significant expansion of our partnership with one of our key carriers," said Steven M. Mariano, Chief Executive Officer of Patriot National. "We are also realizing increased productivity throughout our organization as measured by revenue per employee. With our powerful operating platform, innovative technology solutions and greater efficiency, we expect our efforts will deliver stronger top-line growth and profitability."

33. The Company also held a conference call with analysts and investors on November 14, 2016 to discuss the Company's third quarter 2016 results. On the Call, Defendant Mariano stated, in relevant part:

> [T]he Ebix transaction was rejected because it wasn't the best offer on the table. And so, with that, I really can't say anything further, other than there is still a process going. And the special committee is continuing to look at offers. The rejection of the Ebix deal was plain and simple because we had a better offer from someone else.

34. Additionally, on November 14, 2016, the Company issued a press release

announcing a dividend to shareholders and the closing of a new credit facility, stating:

> Patriot National, Inc. (NYSE: PN), ("Patriot National or "the Company") a leading provider of technology and outsourcing solutions to the insurance industry, today announced that it has closed a new credit facility with Cerberus Business Finance, LLC to recapitalize the Company. The Company also announced a significant capital distribution to shareholders, and an expansion of its share repurchase program.
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> **Highlights**
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> - Company closes new $250 million term loan and $30 million revolving credit line with Cerberus Business Finance, an affiliate of Cerberus Capital Management, L.P.
> - Board of Directors approves a special dividend of $2.50 per share of common stock
> - Board of Directors increases existing share repurchase program to $40 million from $15 million
> - Company plans to focus on enhancing shareholder value by leveraging robust platform of insurance services and technology solutions and reducing expenses to generate profitable growth
> - Board of Directors continues to explore all strategic value creation opportunities
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> **Management Commentary**
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> "In February, our Board of Directors formed a Special Committee to explore all avenues for shareholder value creation including a potential sale of the Company, divesting non-core assets, and other ways to return capital to shareholders," said Steven M. Mariano, President and Chief Executive Officer of Patriot National. "Throughout this process, our shareholders have been very patient, and we are pleased to provide an immediate return of capital through a significant special dividend and to expand our stock repurchase program.
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> "The Board of Directors will continue to evaluate all options for value creation and, at the same time, we are taking decisive action to enhance the value of the Company by driving organic growth in our core insurance services and technology businesses. Our new credit facility with Cerberus significantly enhances our financial flexibility to execute on our plans for enhanced growth and returns in 2017."
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> **Update on Organic Growth Plan**
>
> Patriot National has built a powerful operating platform capable of delivering

substantial value to its customers to support long-term growth. The Company currently has relationships with 139 carriers and more than 4,100 agencies and offers a broad menu of products and services that is unparalleled in the marketplace and spans from workers' compensation and specialty property and casualty insurance services to technology solutions.

Over the past month, Patriot National has secured three significant new client engagements that include the expansion of a turnkey partnership with a leading national insurance carrier and the launch of a BPO relationship with two carriers that have a growing presence in the U.S. workers' compensation insurance market. Looking ahead, Patriot National intends to leverage its core insurance platform and suite of technology solutions to strengthen existing and new client relationships and to expand its sales channels and commercialize its technology. The Company also plans to drive profitable growth by achieving cost savings of approximately $8 million in 2017.

Return of Capital to Shareholders

Today, Patriot National's Board of Directors declared a special cash dividend (the "Dividend") of $2.50 per share on all issued and outstanding shares of Common Stock of the Company. The Dividend is considered an ordinary dividend for tax purposes, and will be paid on December 9, 2016 to stockholders of record as of the close of business on November 28, 2016.

The Board has also approved an expansion of the existing share repurchase program to $40 million from $15 million, effective immediately. The program continues to give management discretion in determining the market and business conditions under which shares may be repurchased from time to time, in open market transactions or in negotiated off-market transactions.

Recapitalization

On November 10, 2016, Patriot National entered into an agreement with Cerberus Business Finance for a new $280 million five-year senior secured credit facility. The credit facility consists of a $30 million revolving line of credit and $250 million term loan.

The Company fully repaid all outstanding obligations on the former senior secured credit facility upon closing. As of November 14, 2016, the Company has approximately $106 million in cash.

35. On the same day, November 14, 2016, the Company filed its quarterly report on Form 10-Q for the fiscal third quarter. The Form 10-Q was signed by Defendant Shields, and reaffirmed the financial results announced in the press release issued the same day. In the Form 10-Q, the Company also stated:

> On August 1, 2016, the Issuer stated that a special committee of independent directors (the "Special Committee") of the Board received and is considering an offer from Ebix, Inc. ("Ebix") to acquire 100% of the outstanding stock of the Issuer. The Special Committee is continuing to explore other strategic alternatives for the Issuer to maximize value for shareholders, including a possible sale of the Issuer. Neither the Board nor the Special Committee has made a decision to enter into any transaction or other alternative.
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> On November 8, 2016 we announced that the Special Committee of its Board of Directors (the "Special Committee") has concluded that Ebix, Inc.'s most recent proposal of $475 million is not the best alternative to maximize value for Patriot National's shareholders and, at the recommendation of the Special Committee, the Board of Directors has rejected the proposal. The Special Committee continues to evaluate other more attractive offers and all opportunities for value creation.

36. On the news released on November 14, 2016, the price of Patriot National common stock fell $0.68 per share, or 9.9%, to close at $6.16 per share on November 14, 2016, on unusually heavy trading volume.

37. On December 7, 2016, the Company announced that the Court of Chancery of the State of Delaware had granted a temporary restraining order enjoining the Company from issuing the special cash dividend of $2.50 per share of common stock on December 9, 2016 and from continuing its previously announced stock repurchase program. In greater part, the Company stated:

> On November 30, 2016, a shareholder class action lawsuit was filed in the Court of Chancery of the State of Delaware (the "Court") against Patriot National, Inc. (the "Company"), Steven M. Mariano, the Company's Chairman and Chief Executive Officer, and each of the Company's directors. After a hearing held on December 7, 2016 the Court granted a temporary restraining order enjoining the Company from issuing a special cash dividend of $2.50 per share of common stock on December 9, 2016 and from continuing its previously announced stock repurchase program.
>
> The Court is expected to set a hearing date for early January 2017 to consider whether a preliminary injunction will be ordered that would continue to prohibit the Company from issuing a special cash dividend of $2.50 per share of common stock and to prohibit the Company from continuing its stock repurchase program. The Company previously announced the special dividend and expanded stock repurchase program in a press release and Form 8-K filed with the Securities and Exchange Commission on November 14, 2016. The Company believes that it has meritorious defenses to the claims asserted in the temporary restraining application, and at the January hearing, the Company intends to vigorously oppose the request for the issuance of a preliminary injunction.

> The Company expects to update its shareholders regarding the dividend payment following the January hearing. If the court does not extend the temporary restraining order or issue a preliminary injunction at the January hearing, the Company expects to be able to pay the previously announced special dividend in January 2017 to shareholders of record at the close of business on November 28, 2016 (which is the existing record date that was previously set by the Company).

38. The above statements identified in ¶¶32-35, 37 were materially false and/or misleading, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose: (1) that the special committee was beholden to Mariano; (2) that, as such, the special committee was operating for the benefit of Mariano, and not the Company or its shareholders; (3) that the special committee did not independently asses the merits of the Ebix transaction; (4) that the special committee was not exploring strategic alternatives in order to maximize shareholder value; and (5) that, as a result of the foregoing, Defendants' statements about Patriot National's business, operations, and prospects, were false and misleading and/or lacked a reasonable basis.

Disclosures at the End of the Class Period

39. On March 3, 2017, the Company disclosed that it entered into an agreement with GIG and Mariano, the majority owner of GIG, regarding the service agreements between the Company and GIG's wholly-owned subsidiary GIC. Under the agreement, the Company paid GIG $30 million. The Company further stated that GIC is the Company's principal customer, with contracts and relationships from GIC generating $107.8 million, or 59% of the Company's Total Fee Income and Fee Income from Related Party for the nine-months ended September 30, 2016 and $144.1 million, or 69%, for the year ended December 31, 2015. The Company further disclosed that "[a]s further material inducements for the Company's payment," GIG and Mariano agreed to a series of corporate governance and financial covenants, including that the Company would not enter into any transaction with an affiliate of Mariano without the prior approval of a majority of independent directors. In addition, GIG agreed to cause GIC to not issue any dividends or distributions to, or make any further advances to, any of its or GIG's shareholders. In greater part, the Company stated:

On February 27, 2017, Patriot National, Inc. (the "Company") entered into an agreement with Guarantee Insurance Group ("GIG") and Steve Mariano, the Chairman, Chief Executive Officer and majority owner of the Company and the majority owner of GIG, regarding the service agreements between the Company and GIG's wholly-owned subsidiary Guarantee Insurance Company ("GIC"). GIC is the Company's principal customer, with contracts and relationships from GIC generating $107.8 million, or 59% of the Company's Total Fee Income and Fee Income from Related Party (the line item that reflects aggregate fee income) for the nine-months ended September 30, 2016 and $144.1 million, or 69%, for the year ended December 31, 2015.

Pursuant to the agreement, GIG agreed to, among other things, cause GIC to, subject to regulatory approval, amend each of the existing service agreements such that (1) the expiration date of each service agreement, as amended, shall be extended by not less than 10 years, (2) each such amended agreement shall provide that all of the services that GIC requires to be performed within the scope of such agreement shall be performed solely and exclusively by the Company, (3) GIC will have the right to terminate each such amended agreement only in the event that the Company substantially fails to meet its obligations under the agreement or the Company commits gross negligence in the performance of its obligations under the agreement, (4) none of the rights and obligations of GIC and the Company under the amended agreements shall be assigned to any other party without the prior approval of a majority of the independent directors of the Company, and (5) the Company and GIC will act in good faith to ensure that for the duration of the extended service agreements the amount of revenue to the Company from business with GIC does not decrease. In consideration of, among other things, the expansion of exclusivity and the extension of the term of such agreements and agreement as to certain corporate governance and financial covenants with respect to GIG, GIC (subject to regulatory approval) and the Company, the Company paid GIG $30 million which was required to be immediately contributed into GIC as surplus and thereby included in GIC's calculation of total adjusted capital and its risk-based capital levels as of the end of the calendar year just ended in compliance with Florida Statute Section 624.4085.

As further material inducements for the Company's payment, GIG and Mr. Mariano agreed to a series of corporate governance and financial covenants. These corporate governance covenants include the following: (1) at least one independent member of the Board of Directors of the Company shall have the right to attend and observe all meetings of the Board of Directors of GIC, (2) the Company will appoint an independent Lead Director, (3) the Company's Audit Committee will have authority to approve payments of expenses for Board-related matters, (4) the Company's Board of Directors will at all times be comprised of a majority of independent directors and nominations of new directors and nominations of directors seeking reelection must be approved by a majority of the independent directors, (5) the Company will not enter into any transaction with an affiliate of Mr. Mariano without the prior approval of a majority of independent directors and (6) prior approval of a majority of the Company's independent

> directors will be required before the Company carries out certain extraordinary transactions.
>
> Pursuant to the financial covenants, GIG agreed to cause GIC to (1) not issue any dividends or distributions to (other than dividends or distributions permitted by the Florida Office of Insurance Regulation), or make any further advances to, any of its or GIG's shareholder(s), (2) adopt certain policies relating to operations including GIC expenses and (3) comply with certain other customary negative covenants including restrictions on indebtedness, investments, liens, affiliated party transactions and purchases and sales of assets, other than in the ordinary course of business. GIG further agreed that if it transfers or sells any of its shares in GIC, then GIG will pay to the Company the first $13.0 million in proceeds from such sale.

40. On this news, the price of Patriot National common stock fell $0.72 per share, or 16.4%, to close at $3.67 per share on March 6, 2017, on unusually heavy trading volume. The stock price continued to decline in the following days, falling $0.28 per share (7.6%) on March 7, 2017, and $0.38 per share (11.2%) on March 8, 2017, to close at $3.01 per share on March 8, 2017.

CLASS ACTION ALLEGATIONS

41. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that acquired Patriot National's securities between August 15, 2016, and March 3, 2017, inclusive, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

42. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Patriot National's common stock actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of Patriot National shares were traded publicly during the Class Period on the NYSE. As of November 14, 2016, Patriot National had 26,856,799 shares of common stock outstanding. Record owners and other

members of the Class may be identified from records maintained by Patriot National or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

43. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

44. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

45. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Patriot National; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

46. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

UNDISCLOSED ADVERSE FACTS

47. The market for Patriot National's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, Patriot National's securities traded at artificially inflated prices during

the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Patriot National's securities relying upon the integrity of the market price of the Company's securities and market information relating to Patriot National, and have been damaged thereby.

48. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Patriot National's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about Patriot National's business, operations, and prospects as alleged herein.

49. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Patriot National's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

LOSS CAUSATION

50. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

51. During the Class Period, Plaintiff and the Class purchased Patriot National's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the

information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

52. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Patriot National, their control over, and/or receipt and/or modification of Patriot National's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Patriot National, participated in the fraudulent scheme alleged herein.

APPLICABILITY OF PRESUMPTION OF RELIANCE (FRAUD-ON-THE-MARKET DOCTRINE)

53. The market for Patriot National's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Patriot National's securities traded at artificially inflated prices during the Class Period. On August 15, 2016, the Company's stock price closed at a Class Period adjusted high of $5.80 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Patriot National's securities and market information relating to Patriot National, and have been damaged thereby.

54. During the Class Period, the artificial inflation of Patriot National's stock was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false

and/or misleading statements about Patriot National's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Patriot National and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company stock. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

55. At all relevant times, the market for Patriot National's securities was an efficient market for the following reasons, among others:

(a) Patriot National stock met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, Patriot National filed periodic public reports with the SEC and/or the NYSE;

(c) Patriot National regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) Patriot National was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

56. As a result of the foregoing, the market for Patriot National's securities promptly digested current information regarding Patriot National from all publicly available sources and reflected such information in Patriot National's stock price. Under these circumstances, all purchasers of Patriot National's securities during the Class Period suffered similar injury through their purchase of Patriot National's securities at artificially inflated prices and a presumption of

reliance applies.

57. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Patriot National of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

NO SAFE HARBOR

58. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Patriot National who knew that the statement was false when made.

FIRST CLAIM
Violation of Section 10(b) of The Exchange Act and
Rule 10b-5 Promulgated Thereunder
Against All Defendants

59. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

60. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Patriot National's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

61. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Patriot National's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

62. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Patriot National's financial well-being and prospects, as specified herein.

63. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Patriot National's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state

material facts necessary in order to make the statements made about Patriot National and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

64. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

65. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Patriot National's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

66. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Patriot National's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired Patriot National's securities during the Class Period at artificially high prices and were damaged thereby.

67. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that Patriot National was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Patriot National securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

68. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

69. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM
Violation of Section 20(a) of The Exchange Act
Against the Individual Defendants

70. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

71. Individual Defendants acted as controlling persons of Patriot National within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level

positions and their ownership and contractual rights, participation in, and/or awareness of the Company's operations and intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

72. In particular, Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

73. As set forth above, Patriot National and Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;

(b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: March 14, 2017

GLANCY PRONGAY & MURRAY LLP

By: *s/ Lesley F. Portnoy*
Lesley F. Portnoy (LP-1941)
122 East 42nd Street, Suite 2920
New York, New York 10168
Telephone: (212) 682-5340
Facsimile: (212) 884-0988
lportnoy@glancylaw.com

-and-

GLANCY PRONGAY & MURRAY LLP
Lionel Z. Glancy
Robert V. Prongay
Casey E. Sadler
Charles H. Linehan
1925 Century Park East, Suite 2100
Los Angeles, CA 90067
Telephone: (310) 201-9150
Facsimile: (310) 201-9160

Attorneys for Plaintiff

SWORN CERTIFICATION OF PLAINTIFF

PATRIOT NATIONAL, INC. SECURITIES LITIGATION

I, Anthony L. Gingello, individually, and/or in my capacity as trustee and/or principal for accounts listed on Schedule A, certify that:

1. I have reviewed the Complaint and authorize its filing and/or the filing of a Lead Plaintiff motion on my behalf.

2. I did not purchase **PATRIOT NATIONAL, INC.**, the security that is the subject of this action, at the direction of plaintiff's counsel or in order to participate in any private action arising under this title.

3. I am willing to serve as a representative party on behalf of a class and will testify at deposition and trial, if necessary.

4. My transactions in **PATRIOT NATIONAL, INC.** during the Class Period set forth in the Complaint are as follows:

   (See attached transactions)

5. I have not served as a representative party on behalf of a class under this title during the last three years, except for the following:

6. I will not accept any payment for serving as a representative party, except to receive my pro rata share of any recovery or as ordered or approved by the court, including the award to a representative plaintiff of reasonable costs and expenses (including lost wages) directly relating to the representation of the class.

I declare under penalty of perjury that the foregoing are true and correct statements.

3/13/2017
Date

DocuSigned by:
Anthony L. Gingello
29C6881EDD4D4B8...
Anthony L. Gingello

Anthony L. Gingello's Transactions in
Patriot National, Inc. (PN)

Date	Transaction Type	Quantity	Unit Price
12/05/2016	Bought	2,000	$6.0900
12/05/2016	Bought	2,000	$6.0400
12/05/2016	Bought	476	$6.0300